

ANN BAVENDER\*  
ANNE GOODWIN CRUMP\*  
VINCENT J. CURTIS, JR.  
RICHARD J. ESTEVEZ  
PAUL J. FELDMAN  
ERIC FISHMAN  
RICHARD HILDRETH  
FRANK R. JAZZO  
ANDREW S. KERSTING\*  
KATHRYN A. KLEIMAN  
EUGENE M. LAWSON, JR.  
HARRY C. MARTIN  
J. TODD METCALF\*  
GEORGE PETRUTSAS  
LEONARD R. RAISH  
JAMES P. RILEY  
KATHLEEN VICTORY  
HOWARD M. WEISS

\* NOT ADMITTED IN VIRGINIA

FLETCHER, HEALD & HILDRETH, P.L.C.

ATTORNEYS AT LAW

11th FLOOR, 1300 NORTH 17th STREET

ROSSLYN, VIRGINIA 22209-3800

(703) 812-0400

TELECOPIER

(703) 812-0486

INTERNET

office@fhh-telcomlaw.com

EX PARTE OR LATE FILED

FRANK U. FLETCHER  
(1939-1985)  
ROBERT L. HEALD  
(1956-1983)  
PAUL D. P. SPEARMAN  
(1936-1962)  
FRANK ROBERSON  
(1936-1961)  
RUSSELL ROWELL  
(1948-1977)

RETIRED  
EDWARD F. KENEHAN  
CONSULTANT FOR INTERNATIONAL AND  
INTERGOVERNMENTAL AFFAIRS  
SHELDON J. KRYSS  
U.S. AMBASSADOR (PH)  
OF COUNSEL  
EDWARD A. CAINE\*  
WRITER'S NUMBER  
(703) 812-

May 30, 1997

Courier Delivery:

Regina Keeney, Chief  
Common Carrier Bureau  
Federal Communications Commission  
1919 M Street, NW  
Room 500  
Washington, DC 20554

Re: PCI Communications, Inc.  
Final Rate Integration Plan in CC Docket No. 96-61

Dear Ms. Keeney:

On behalf of PCI Communications, Inc. ("PCI") and pursuant to the Commission's Report and Order in CC Docket No. 96-61, Policy and Rules Concerning the Interstate Interexchange Marketplace: Implementation of Section 254(g) of the Communications Act of 1934, as amended, released August 7, 1996, 11 FCC Rcd 9564 ("Rate Integration Order"), the purpose of this letter is to provide to the Commission PCI's final plan to achieve rate integration.

As the Commission is aware, PCI is a nondominant telecommunications carrier, headquartered in the Territory of Guam, providing interstate and international telecommunications services. In its Rate Integration Order, the Commission directed PCI and other carriers providing service between Guam, the Commonwealth of the Northern Mariana Islands ("CNMI") and other United States domestic points to submit, no later than June 1, 1997, their final plans to achieve rate integration by August 1, 1997.

In its preliminary rate integration plan, filed January 31, 1997, PCI stated that it intended to comply with the Commission's directive by offering domestic interexchange service pursuant to mileage bands, and that its rates for such services would be cost-based. On further consideration, the Company has decided to abandon this approach and will, instead, employ a system of "postalized rates" for domestic interstate calls originating in Guam and or the CNMI. This rate structure is identical to that set forth in PCI's current interstate tariffs.

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Pursuant to the Rate Integration Order, PCI intends to file new postalized rates for Guam and the CNMI sometime before August 1, 1997, when the new rates will take effect. Unlike PCI's current tariffed rates for service between Guam, the CNMI and other U.S. domestic points, the new rates will be uniform for Guam and CNMI subscribers. At this juncture, the postalized rates will be as follows:

Peak, Monday-Friday (0601-1700)	\$0.40 per minute
Off Peak, Monday-Friday (1701-2400)	\$0.30 per minute
Economy, Monday-Friday (2401-0600)	\$0.25 per minute
Economy, Saturday-Sunday (0000-2400)	\$0.25 per minute

PCI will continue to offer optional calling plans, discounts and other promotional offerings to all of its subscribers on Guam and the CNMI on the same terms and conditions, without regard to the geographic location of the subscriber. However, consistent with the Commission's application of its geographic averaging rule to temporary promotions and private lines, PCI reserves the right to offer temporary promotions and private line services on different terms and conditions to different groups of subscribers within PCI's service area.

PCI wishes to emphasize that the above postalized rates are based on currently available cost information, but are subject to modification, and that PCI reserves the prerogative to adopt a different rate structure, or different rates, consistent with the Rate Integration Order, at any time before or after August 1, 1997. Among the factors which may force PCI to modify the above plan are the following:

- Guam Telephone Authority, Guam's sole local exchange carrier, intends to file its first access charges under the NECA tariff on July 1. The precise level of those charges is presently unknown.
- Micronesian Telephone Company ("MTC"), the CNMI's sole local exchange carrier, will file its access charges, through its parent GTE's tariff, on July 1 also. At present, MTC's access charges in the CNMI are approximately \$0.12 per minute for origination and \$0.19 per minute for termination, both well above the national average and the rates of other GTE Operating Companies. The precise level of MTC's 1997 access charges will be not be known until July 1.
- At present, the tariffed charges for MTC's inter-island fiber cable, linking Guam and the CNMI, have not been finalized. In its original tariff transmittal, MTC's rates for the inter-island cable were excessive, devoid of cost support, and inconsistent with the Rate Integration Order. MTC withdrew its transmittal following objections on these grounds by PCI, but plans to refile shortly.

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- To date, COMSAT has not filed a domestic rate integrated tariff for INTELSAT satellite capacity services between Guam and the CNMI and between these points and the rest of the United States. Customers purchasing such services currently pay higher international rates.

It is PCI's hope that pending developments concerning the above factors will allow PCI to lower its domestic interstate rates below the levels set forth above. If, for example, MTC lowers its access rates to levels comparable to those of other GTE companies, PCI would be able to reduce its proposed interstate interexchange rates sharply. In the interim, however, the prospect for such developments seems dim, given the past performance of GTA, MTC and COMSAT on access and interconnection issues.

In this connection, PCI wishes to express its sadness and disapproval that implementation of the Rate Integration Order will, in the short run at least, result in higher interstate rates for customers in those service areas. Over the past few years, PCI has consistently supported the application of the Commission's rate integration to Guam and the CNMI on the premise that such action would result in lower charges and greater competition. Under the anticipated access and interconnection rates of GTA, MTC and COMSAT, however, it is virtually impossible for PCI to maintain its current postalized rates for Guam and the CNMI without incurring a loss. While other interexchange carriers in Guam that have large mainland subscriber bases -- such as MCI and Sprint -- may be able to absorb these underlying costs, PCI and other carriers solely serving Guam and the CNMI cannot. PCI's only alternative -- to withdraw from the CNMI market -- is unacceptable. PCI never imagined that this would be the end result of rate integration, and ventures to guess that neither did the Commission.

Should any questions arise concerning this submission, please feel free to contact the undersigned counsel directly.

Sincerely,



Eric Fishman  
Counsel to PCI Communications, Inc.

cc: All Parties on Attached Service List

SERVICE LIST

Robert F. Kelley, Jr.  
Advisor, Office of the Governor of Guam  
Post Office Box 2950  
Agana, Guam 96910

Hon. Froilan C. Tenorio  
Governor of the Commonwealth of the  
Northern Mariana Islands  
Caller Box 10007  
Saipan, MP  
Northern Mariana Islands 96950

Leon M. Kestenbaum, Esq.  
Kent Y. Nakamura, Esq.  
Sprint Communications Company, LP  
1850 M Street, NW, 11th Floor  
Washington, DC 20036

Carol R. Schultz  
MCI Communications Corporation  
1801 Pennsylvania Avenue, NW  
Washington, DC 20036

Gordon F. Maxson, Esq.  
GTE Service Corporation  
1850 M Street, NW  
Suite 1200  
Washington, DC 20036

Frank C. Torres, III  
Executive Director  
Washington Liaison Office  
444 North Capitol Street, NW  
Suite 532  
Washington, DC 20001-1512

Veronica Ahern, Esq.  
Nixon, Hargrave, Devans & Doyle  
One Thomas Circle, Suite 700  
Washington, DC 20005

Thomas K. Crowe, Esq.  
Law Offices of Thomas K. Crowe, PC  
2300 M Street  
Suite 800  
Washington, DC 20037

Elaine R. McHale  
AT&T Corporation  
295 N. Maple Avenue  
Basking Ridge, NJ 07920

Margaret L. Tobey, Esq.  
Phuong N. Pham, Esq.  
Akin, Gump, Strauss, Hauer & Feld, LLP  
1333 New Hampshire Avenue, NW, Suite 400  
Washington, DC 20036